21 June 1982

Possible Soviet Responses to Alternative US Policies on Grain Sales

Introduction

1. On 23 May, Under Secretary of Agriculture Lodwick, speaking at the conclusion of two days of talks in Paris with Soviet trade officials, indicated that the US was willing to sell Moscow more US grain than the 23 million tons already permitted during the final year of the Long Term Agreement. He did not state whether any restrictions would be placed on the terms of grain sales. Control over the terms of grain sales to the USSR, however, remains a possible inducement to cooperative Soviet behavior in the foreign policy arena. 25X1

Soviet Grain Requirements

2. In marketing year 1982 (July 1981-June 1982) the Soviet Union will import about 45 million tons of grain. Because Moscow needs to replenish stocks drawn down over the past three years, we expect Soviet purchases to continue at a high level--perhaps 40 million tons in marketing year 1983. 25X1

3. Moscow will not be able to solve its grain problem on its own in the next several years. The new Soviet food program, announced by Brezhnev at a Central Committee Plenum on 24 May, calls for average annual grain production to reach 238-243 million tons in 1981-85 and 250-255 million tons in 1986-90. With a grain crop of 158 million tons in 1981, production in 1982-85 would have to average about 260 million tons to reach plan--23 million tons above the record crop of 237 million tons in 1978.

4. A simple projection of grain output during the 11th FYP --based on the 1960-80 trend--would indicate average production of 226 million tons in 1981-85. But this projection is probably too high unless the Soviets experience a period of above average weather. Because the Soviets experienced unusually favorable climatic conditions from the mid-1960s to the mid-1970s, a projection based on 1960-80 trend is biased upward. With average weather--and assuming no major technological breakthroughs--annual production of 212 million tons in 1981-85 would be a more

25X1

reasonable prospect. An average crop of this size would fall more than 30 million tons below the total needed each year to sustain Soviet meat and livestock programs and build up inventories. Fluctuations in the year-to-year grain crop would, of course, result in higher or lower demand in any particular
25X1 year.

Sources of Grain

5. The Soviet Union can satisfy most of its import requirements from non-US sources. Global grain production has been growing at a faster rate than consumption during the last two crop years. This buyers' market is likely to continue. Increased consumption awaits an economic recovery in the West, and barring major weather setbacks in the next few years, the availability of grain from non-US sources likely will increase. Nonetheless, the United States will continue to be the dominant force in the world grain trade. It still accounts for 60 percent of the exports of coarse grain and roughly one-half of the wheat
25X1 that is traded.

6. The USSR currently has arranged for a minimum of 10 million tons of grain purchases per year under Long Term Agreements with Canada, Argentina, Brazil, Thailand, and Eastern Europe. Moscow can probably find an additional 20 million tons of grain without turning to the United States. After total purchases exceed roughly 30 million tons per year--or if the Soviets need more corn than Argentina can deliver--they would have to turn to the United States. 25X1

Possible US Options

7. Although Moscow might not be initially disposed to buy any more than absolutely necessary from the United States, we can influence the terms under which all grain is purchased by the USSR. Because of its unfavorable hard currency position, the Soviet Union has been searching for credit of up to two years duration to finance grain purchases. Bankers are reluctant to extend even one-year financing in the current unsettled climate regarding lending to Eastern Europe and the USSR. In practice, only a few small loans have been given for more than six months duration.

8. The United States, by offering to extend three-year credits under liberal terms, could offer the USSR substantial help in easing the financial burden of a large grain import bill. Alternatively, a restrictive US policy that discouraged foreign governments from offering guarantees or concessionary terms would be especially costly to the Soviets. A third, middle-ground option might give implicit support to a return to

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business as usual, with the Soviets receiving commercial credits at market rates but with longer maturities than are now being offered.

9. Under the first, most liberal option the United States could offer credits to the Soviet Union for grain purchases at highly favorable terms--three-year maturities and an interest rate of 11 percent. This rate represents the proposed OECD consensus rate for the USSR and is currently about 3-6 points below market. Sales under these conditions would allow the USSR to substantially stretch out hard currency outlays. In order to implement such an arrangement, the US government would probably have to provide bankers with some element of guarantee and interest rate subsidies. With such a US policy in place the other grain supplying nations would probably quickly offer similar arrangements to the USSR to maintain their respective share of the Soviet market.

10. At the other extreme, the United States could even more actively than at present discourage foreign governments from offering any form of credits through offical channels. If the US could convince other governments not to underwrite Soviet grain purchases, Moscow would have to rely solely on commercial financial institutions for grain credits. In these circumstances bankers, who take their cue from government policy, would be reluctant to extend such credits and would demand high interest rates--at least some percentage points over the London Inter-Bank Offered Rate (LIBOR) which is currently around 15 percent. Bankers would also not be likely to offer maturities much in excess of six-months. As a result, the costs to the Soviets of their grain purchases would be increased, and the benefits acrued from savings in hard currency would be short-lived.

11. The third option is basically one in which the market determines the terms, with US policy neither actively supporting nor discouraging grain financing activities. With such a policy--which also might be viewed by the financial community as an effort by the US to ease East-West tensions--bankers might be more willing to extend credits to the USSR. The Soviets would probably be able to obtain interest rates close to LIBOR and one-year maturities, longer than they are now receiving. Official guarantees could be forthcoming from some countries in support of their grain trade, but there would be little pressure to subsidize such credits.

12. The effects of the possible options vary widely. The savings to the USSR if the credit terms were liberalized could be substantial. As shown in Table 1, Moscow might save almost $4 billion in hard currency during 1982-84 if it were able to obtain

USSR: Costs of Financing Grain Purchases Under Alternative Credit Terms

(Million US $)

	1982	1983	1984	Total 1982-1984
Grain Purchases				
Total value	6,300	6,300	6,300	18,900
Portion financed[1]	5,355	5,355	5,355	16,065
Option One[2] (Liberal credit terms)				
Total debt service	863	3,040	5,021	8,924
Repayments of principle	446	2,230	4,014	6,690
Interest	417	810	1,007	2,234
Total outlays for grain[3]	1,808	3,985	5,966	11,759
Option Two[4] (Restrictive credit terms)				
Total debt service	3,134	5,811	5,811	14,756
Repayment	2,678	5,355	5,355	13,388
Interest	456	456	456	1,368
Total outlays for grain[2]	4,079	6,756,	6,756	17,591
Option Three[5] (Market determined credit terms)				
Total debt service	603	6,159	6,159	12,921
Repayment	0	5,355	5,355	10,710
Interest	603	804	804	2,211
Total outlays for grain[2]	1,548	7,104	7,104	15,756

1 Assumes that financing covers 85 percent of purchases (assumed to continue at the 1981 level of 41 million metric tons at $154 per ton).

2 Assumes three-year credit terms and an interest rate of 11 percent, which is the proposed OECD consensus rate for the USSR. Credits are drawn on 1 January and 1 June, interest is paid at the end of each 6-month period on the outstanding balance at the beginning of the period, and repayments are made in six equal installments, with the first payment falling due at six months after a loan is made.

3 Grain purchases paid for in cash (15 pecent of the total) plus debt service.

4 Assumes 6-month credit terms with an interest rate of 17 percent. Credits are drawn on 1 January and 1 June and interest is paid at the end of each 6-month period on the outstanding balance at the beginning of the period. Loans are repaid 6 months after they are drawn.

5 Assumes one-year credit terms with an interest rate of 15 percent. Credits are drawn on 1 January and 1 June and interest is paid at the end of each 6-month period on the outstanding balance at the beginning of the period. Loans are repaid one year after they are drawn.

liberal three-year financing terms rather than the terms that would be available if market forces were allowed to function normally (i.e., option 3.) On the other hand, the successful implementation of the second option (i.e., harsher credit terms) could add an additional $1.8 billion to the cost of Soviet outlays for grain purchases under market determined conditions.

Possible Soviet Responses

13. A liberal credit package, or even a US policy of letting market forces hold sway would probably evoke favorable changes in the atmospherics of US-Soviet relations but would in itself provide only slight leverage over Soviet behavior. It is possible, nevertheless, that if combined with other carrots and sticks, such a policy tool could induce the Soviets to moderate their stance on some bilateral issues. For domestic political reasons, however, the Soviets would strongly resist any public linkage between their behavior and US actions, as they did after the Jackson-Vanik and Stevenson amendments were passed. 25X1

14. Moscow might respond positively to a grain deal in several ways. It might be willing in return to improve the climate for arms control discussions (but not to make major concessions). A more lenient attitude toward some Soviet dissidents could emerge, including ultimate disposition of emigration for the Pentecostals. Increased emigration of Soviet Jews and other minorities is another possibility. On balance, however, offering more grain on easy terms is unlikely to lead to significant amelioration of major outstanding political
25X1 differences.

15. If the US were to choose the second option, Moscow's likely response would be to increase its efforts to line up guaranteed grain supplies under long-term agreements from non-US exporters. Armed with the prospect of increased purchases as an incentive, the USSR would attempt to drive a wedge between the US and other Western grain exporters in order to undercut US initiatives. The Soviets also probably would review harsher credit terms as another example of US policy aimed at "economic warfare." This, in turn, might cause them to retaliate by taking a more aggressive posture in Namibia, Nicaragua, or other Third World areas. At a minimum, they would more energetically seek to alienate the US from its allies. 25X1

Other Considerations

16. Although potentially attractive to the Soviets, liberalized financing is not essential to continuation of large grain purchases. In the short run, the Soviets could sell gold to finance some of the purchases. For example, in 1982 the

additional hard currency cost of the second option as opposed to the first is roughly $2.3 billion--equivalent to about 200 tons of gold at current prices, or an amount roughly equal to sales last year. Moreover, the prospects for additional arms sales in the Middle East also may be brighter after the recent events in Lebanon. Finally, the savings to the Soviets are transitory unless the value of new credits increases over time. (Compare the differences in payments in the table for 1984 under all three
25X1 options.)

17. Moreover, a policy of restrictive credits would be very difficult to implement. Given the buyers' market and their own economic problems, governments of the major non-US grain suppliers such as Australia, Canada and Argentina would be reluctant to go along with any US initiative. 25X1

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CABINET AFFAIRS STAFFING MEMORANDUM

DATE: 6/25/82 NUMBER: 077339CA DUE BY: ____________

SUBJECT: Cabinet Council of Food & Agriculture - June 28 meeting

	ACTION	FYI
ALL CABINET MEMBERS	☐	☐
Vice President	☑	☐
State	☑	☐
Treasury	☐	☑
Defense	☐	☑
Attorney General	☐	☑
Interior	☑	☐
Agriculture	☑	☐
Commerce	☑	☐
Labor	☐	☑
HHS	☐	☑
HUD	☐	☑
Transportation	☑	☐
Energy	☐	☑
Education	☐	☑
Counsellor	☑	☐
OMB	☐	☑
CIA	☐	☑
UN	☐	☑
USTR	☑	☐
CEA	☐	☑
CEQ	☐	☐
OSTP	☐	☐
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	ACTION	FYI
Baker	☑	☐
Deaver	☐	☐
Clark	☑	☐
Darman *(For WH Staffing)*	☑	☐
Harper	☑	☐
Jenkins	☐	☑
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____________	☐	☐
____________	☐	☐
____________	☐	☐
____________	☐	☐
CCCT/Gunn	☐	☐
CCEA/Porter	☐	☐
CCFA/Boggs	☐	☐
CCHR/Carleson	☐	☐
CCLP/Uhlmann	☐	☐
CCNRE/Boggs	☐	☐

REMARKS: The President will chair a meeting of the Cabinet Council on Food and Agriculture on Monday, June 28, at 2:00 p.m. in the Cabinet Room. The subject for discussion is the U.S. - Soviet Long-Term Grain agreement; the related issue paper is attached.

28 JUN 82

RETURN TO:

ISSUE PAPER

U.S.-U.S.S.R. GRAIN AGREEMENT

__Issue__

The current U.S.-U.S.S.R. Grain Agreement will expire on September 30, 1982. The Administration must decide whethe wants a formal arrangement (and, if so, what kind) to gove U.S.-U.S.S.R. grain trade after September 30.

I. Background

__U.S.-U.S.S.R. Grain Trade Prior to 1975__. An unfavorable climate, poor soil, backward technology, and an extremely inefficient agricultural system make periodic crop failu the Soviet Union a virtual certainty. As a result, the S have, during the last twenty years, imported increasing of grain to accommodate their domestic needs.

Soviet purchases from the U.S. were relatively modest un 1972, when the prospect of a major crop failure prompted to buy, over a two to three month period, 19 million met tons (mmt) of U.S. grain, including one-fourth of the to U.S. wheat crop. The Soviets made their purchases quie early, before prices adjusted to the sudden increase in The Soviets also were able to capitalize on USDA's wheat subsidy program and a recently negotiated credit arrange These circumstances, as well as the domestic market dis caused by the massive grain purchases, led critics to la U.S. sales as the "great Soviet grain robbery."

__The U.S.-U.S.S.R. Grain Agreement__. The summer of 1975 new reports of a looming Soviet crop failure. These re coupled with the desire to avoid a repeat of the 1972 d prompted the Ford Administration to suspend grain sales Soviet Union until an arrangement could be worked out t would prevent Soviet disruption of U.S. domestic market guarantee U.S. farmers a reasonable share of the Soviet

The ensuing negotiations with the Soviet Union produce agreement with the following provisions:

- The Soviets agreed to purchase 6 mmt of U.S. wheat and corn, in approximately equal proportions, during each of the five years covered by the agreement;
- The Soviets can purchase up to 2 mmt more of U.S. grain during any year without consultations with the U.S.;
- The U.S. agreed not to embargo exports of up to 8 mmt of grain to the Soviet Union;
- The Soviets are required to consult with the U.S. (to determine a higher supply level) before buying more than 8 mmt of grain in any given year;
- There is an escape clause for the U.S. in the event of a major U.S. supply shortage;
- Soviet purchases must be made at prevailing market prices and in accordance with normal commercial terms.
- The Soviets agreed to ship the grain under the terms of the U.S.-U.S.S.R. Maritime Agreement;
- The Soviets are required to space their grain purchases and shipments as evenly as possible over each 12-month period.

Since the agreement, there has been greater stability in world grain trade and in Soviet purchasing patterns. Under the agreement, the U.S. has expanded its share of the Soviet market (see Appendix). Over this period, Soviet demands for grain have increased more rapidly than their production, resulting in a higher level of Soviet grain imports.

The Soviet Grain Embargo of 1980. On January 4, 1980, in response to the Soviet military invasion of Afghanistan, President Carter cancelled contracts for the sale of 13.5 mmt of U.S. corn and wheat to the Soviet Union. The U.S. also denied the Soviets access to an additional 3.5 mmt of grain which had been offered to, but not yet purchased by, the Soviets. Finally, shipments of soybeans, broilers, and some other agricultural products were halted.

The Soviets were able to minimize the effects of the embargo by drawing down their grain stocks and by increasing grain, soybean, rice, flour, and meat imports from Argentina, Canada, Australia, and the European Economic Community.

The Soviets have since entered into new long-term purchasing agreements with Argentina, Brazil, Canada, Hungary, and Thailand, in an attempt to diversify their sources of supply, resulting in a declining share of the Soviet market for U.S. farmers.

In April 1981, President Reagan lifted the Soviet grain embargo. This was followed by an agreement in August to extend the expiring U.S.-U.S.S.R. grain accord for an additional year, through September 30, 1982. In October 1981, the U.S. offered the Soviets an additional 15 mmt of grain, raising to 23 mmt the amount of U.S. grain available to the Soviets during fiscal year 1982. To date, the Soviets have purchased a total of 13.9 mmt of U.S. wheat and corn.

U.S. Sanctions Against the Soviets in the Aftermath of the Polish Declaration of Martial Law. Discussions concerning negotiation of a new U.S.-U.S.S.R. long-term grain agreement were under way within the Administration when the Polish government declared a state of martial law in December 1981. When the Soviet Union failed to respond to U.S. urgings to help restore basic human rights in Poland, the President announced a number of sanctions against the Soviets, including postponement of negotiations on a new grain agreement and suspension of negotiations on a new maritime agreement.

II. Discussion

Soviet Import Demands. Soviet grain production has declined sharply during the past three years, after more than a decade of steady growth. Following a record crop of 237 mmt in 1978, the Soviet harvest fell to 179 mmt in 1979, 189 mmt in 1980, and reportedly to 158 mmt in 1981, nearly one-third below target. To avoid massive shortages, the Soviets have imported more than 100 mmt of grain since June 1979. During the marketing year ending this June, Moscow is expected to import a record 45 mmt of grain.

Soviet hard-currency outlays this year for all agricultural commodities -- including grain, other feedstuffs, meat, sugar, and vegetable oil -- will probably reach some $12 billion, up about $1 billion from last year, and a sharp increase from the roughly $8 billion spent in 1980. Altogether, food imports now account for roughly 40 percent of total Soviet hard-currency purchases.

Even with a strong recovery in domestic grain production, Moscow will continue to import large amounts of grain, an estimated 41 mmt of grain during the next marketing year (July 1982-June 1983). The ultimate level of Soviet grain imports during the next marketing year will depend on:

- The size of the 1982 Soviet grain crop. USDA recently reduced its projection for the 1982 Soviet grain crop from 200 to 185 mmt;
- The extent to which the Soviets decide to maintain or expand livestock inventories;
- Hard-currency constraints. Increasing Soviet hard-currency constraints or a decision by Western bankers to curtail short-term credits could hamper Moscow's import intentions;
- U.S.-U.S.S.R. trading relations;
- The extent to which the Soviets will allow increased dependence on imported grains; and
- Soviet port capacity. Currently Soviet grain import capacity is 45-50 mmt per year.

Soviet officials recently announced ambitious production goals for grain and livestock for the remainder of the 1980s. They also expressed their intention to reduce imports of foodstuffs from capitalist countries. The history of Soviet agriculture, however, suggests that achieving increased livestock production goals will be extremely difficult if the Soviets reduce grain imports.

U.S.-U.S.S.R. Grain Agreement in the Context of the World Grain Market. It is doubtful that a long-term grain agreement between the Soviet Union and the United States would have much effect on the total U.S. share of world grain trade during the next marketing year. However, the existence or absence of such an agreement is likely to have a significant impact on world grain trading patterns in future years. If, by failing to negotiate a formal trading arrangement, the Soviets were discouraged from satisfying their import demands in the U.S. market, they would have to seek new sources of supply. The prospect of servicing a consistently large buyer, such as the Soviet Union, would prompt other exporting countries to further increase their production. (Since the 1980 Soviet grain embargo, Argentina and Canada have increased their grain production by roughly 25 percent.) This increased production would compete with U.S. grain in world markets, reducing the U.S. share of the growth in global grain trade.

U.S. Foreign Policy Considerations. The U.S. is pursuing, and encouraging its allies to pursue, a general policy of economic restraint with the U.S.S.R., based upon fair burden sharing in the West. A government-to-government agreement, especially one perceived as newly-negotiated, that promotes grain exports, would be regarded as an exception to that policy.

More specifically, negotiations with the Soviets would signal an end to one of the President's measures against the U.S.S.R. in response to the Poland crisis, undercutting the general package of Poland-related sanctions, and impling that the situation there has improved and that the U.S. is prepared to adopt a "business as usual" stance. The Soviets could be expected to promote this interpretation vigorously.

Resuming negotiations would conflict with the decision to extend extraterritorially sanctions on oil and gas equipment and technology. In the absence of real changes in Poland, resuming negotiations would undermine U.S. credibility on burden sharing and U.S. efforts to induce its allies to exercise restraint in credit and trade arrangements with the U.S.S.R.

U.S. Domestic Considerations. The U.S. farm sector is experiencing serious economic hardships due to over-abundant grain supplies, high interest rates, and a cost/price squeeze. Pressure is being applied on the Administration to provide various forms of assistance for farmers, including paid land diversions, export subsidies, increased food assistance, and higher price supports.

All these programs entail substantial budget outlays and lead to increased government interference in agriculture. The negotiation of a new long-term U.S.-U.S.S.R. grain agreement that guarantees a larger share of the Soviet market for U.S. farmers is virtually the only cost-free, market-oriented step the Administration can take to help the farm community. It is also consistent with the central feature of the Administration's farm policy -- increasing agricultural exports. Farmers regard the U.S.-Soviet grain agreement issue as the litmus test of the Administration's commitment to the agricultural sector.

The U.S. maritime industry and labor share a common concern over the arrangements for shipping grain from the U.S. to the Soviet Union. In the absence of a new U.S.-U.S.S.R. maritime agreement, U.S.-flag vessels would be effectively precluded from participation in carrying grain to the U.S.S.R. Such a development could have an adverse impact on the cooperation of U.S. maritime labor in implementing any grain agreement.

Without agreement, can USSR purchase US grain?

III. Options

Option 1: Allow the existing U.S.-U.S.S.R. grain agreement to expire without providing for any formal agricultural trading arrangement between the two countries after September 30, 1982.

Advantages:

- o Would be consistent with the President's policy of postponing negotiations on a new long-term grain agreement with the Soviets until there were improvements in the Polish situation.
- o Could be presented as the Administration's attempt to reduce government intervention in the international marketing of U.S. agricultural products.

Disadvantages:

- o Would give the Soviets unrestricted access to the U.S. grain market and could lead to disruption of the U.S. grain market if the Soviets were to resume their erratic purchasing behavior of the early 1970s.
- o Farmers would view lack of an agreement as eliminating their chances for maximizing their share of grain sales to the Soviet Union, and this would be perceived as undermining the President's commitment to help increase agricultural exports.
- o Could lead to the lowest level of U.S. grain exports under any of the options, and thus increase federal outlays for agricultural price support and production control programs.
- o Would eliminate one more ongoing U.S.-U.S.S.R. tie, and could affect the atmosphere of the upcoming U.S.-U.S.S.R. summit.

Do Soviets want multi-year agreement? If so, a 1 yr agreement would be implicitly a concession against their desire for a multi-year agreement.

<u>Option 2:</u> <u>Extend the existing U.S.-U.S.S.R. grain agreement for one year.</u>

<u>Advantages:</u>

- o Would maintain a formal trading arrangement that would assure U.S. farmers of some access to the Soviet market and insulate domestic users from possible Soviet disruption of U.S. markets.

- o Would continue the status quo, thereby blunting the charge that the U.S. was making a concession to the Soviets in the absence of an improvement in the Polish situation.

- o Would allow for a more positive trade atmosphere with the Soviets than there would be in the absence of an agreement, and thus would leave open the possibility of entering into negotiations on a new long-term grain agreement subsequent to an improvement in the Polish situation.

<u>Disadvantages:</u>

- o Would be perceived by U.S. farmers as harming their chances for maximizing their share of grain sales to the Soviet Union and thus undermine the President's commitment to help increase farm exports.

- o Could be perceived as a weakening of U.S. sanctions imposed against the Soviets as a result of the Polish situation, and conflicting with the recent decision on sanctions on oil and gas equipment and technology.

- o Could undermine ongoing U.S. efforts to enlist the support of its allies in restricting government credits to the Soviet bloc.

Option 3: Extend for two or more years the existing U.S.-U.S.S.R. grain agreement amended to provide higher minimum purchase requirements.

Advantages:

- Would insulate domestic consumers from possible Soviet disruption of U.S. markets for a longer period.

- Would provide U.S. farmers with a larger share of grain sales to the Soviet Union and thus demonstrate the President's commitment to increasing agricultural exports.

- Could promote U.S. foreign policy objectives by increasing Soviet dependency on grain imports from the U.S.

Disadvantages:

- Would signal a U.S. retreat from the sanctions imposed in response to the Polish situation and could undercut our efforts to secure changes in the policies of the Jaruzelski regime.

- Would undermine ongoing U.S. efforts to enlist the support of its allies in restricting government credits to the Soviet bloc.

<u>Option 4:</u> <u>Negotiate a totally new U.S.-U.S.S.R. grain agreement.</u>

Such an agreement might include four basic features:

1. A minimum purchase level for the grains covered under the agreement. The minimum purchase level would be adjusted each year on the basis of a two-year moving average of actual Soviet grain purchases.

2. A "prior consultation level" -- expressed as a percentage above the minimum purchase level -- beyond which the annual Soviet purchases could not go, without prior consultation with the U.S.

3. A provision to encourage the Soviets to buy value-added agricultural products.

4. A provision that any decision on supply availability above the prior consultation level would require commitments on both sides to purchase and sell specific amounts.

<u>Advantages:</u>

- Would achieve a greater integration of the U.S. and Soviet trading systems.
- Would assure U.S. farmers a reasonable share of the Soviet market, based on actual levels of grain trade.
- Would force the Soviets to be more forthcoming with respect to their buying intentions.

<u>Disadvantages:</u>

- Would signal a U.S. retreat from the sanctions imposed in response to the Polish situation, and could undercut our efforts to secure changes in the policies of the Jaruzelski regime.
- Would require protracted negotiations that could extend beyond the expiration of the current agreement.
- Would provide the Soviets much greater opportunity to press for stronger supply guarantee provisions.

What are the prospects for an allied "cartel" - controlling prices e.g. a "[illegible]" [illegible]

APPENDIX

U.S.-SOVIET GRAIN TRADE 1973-1982

	Total USSR Grain Imports (mmt)	US Grain Exports to USSR (mmt)	US Share of Total USSR Grain Imports (%)
FY 1973	22.5	14.1	63
FY 1974	5.7	4.5	79
FY 1975	7.7	3.2	42
FY 1976	25.6	14.9	58
FY 1977	8.4	6.1	73
FY 1978	22.5	14.6	65
FY 1979	19.6	15.3	78
FY 1980	27.0	8.3	31
FY 1981	38.8	9.5	24
FY 1982 (projected)	45.0	17.8	40